

PREME

August 29, 1996

BY HAND

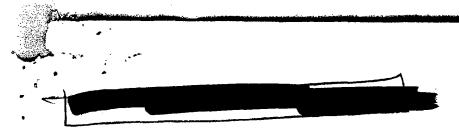
Richard B. Smith, Esq. Premerger Notification Office Bureau of Competition, Room 303 Federal Trade Commission Sixth St. and Pennsylvania Ave., N.W. Washington, D.C. 20580

Dear Dick:

This letter memorializes the advice you provided over the telephone on August 28 concerning the appropriate analysis under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the implementing regulations, of the following transaction:

> Persons A and B will form a limited liability company ("LLC") into which each will contribute assets or cash in return for a 50% LLC ownership interest. Certain of the assets agreed to be contributed will not be transferred to the LLC until third party consents are received and other title encumbrances are resolved, a process that may take several months to complete. The LLC will be managed by a board whose members will solely consist of employees or officers of A and B respectively.

You advised that this transaction constitutes an exempt LLC formation transaction, because the LLC will be exclusively governed by a board consisting of representatives of A and B, with no members who are not officers or employees of A or B. You further advised that the exempt character of the transaction is not affected by the fact that certain assets will not be contributed until several months after the LLC is actually created. You analogized to the example following 16 C.F.R. § 801.40, and indicated that because the assets are intended and agreed to be contributed in connection with the LLC's formation,



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their transfer even after the creation of the LLC would be deemed part of the LLC formation transaction. Thus, you advised that no Hart-Scott filing would be required.

If this letter does not accurately reflect the advice you provided concerning the nonreportability of the transaction described above, please call me as soon as possible.

Thank you for your time and assistance.

Very truly yours,

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